KEEN OCEAN INTERNATIONAL HOLDING LIMITED
僑洋國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8070)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the "Directors") of Keen Ocean International Holding Limited (the "Company") collectively and individually accept full responsibility, include particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading and deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

ANNUAL RESULTS

The board of directors of the Company (the "Board") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2015, together with the comparative figures for the year ended 31 December 2014:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	NOTES	**2015** *HK$'000*	2014 *HK$'000*
Revenue	*3*	**175,573**	181,973
Cost of sales		**(139,955)**	(147,523)
Gross profit		**35,618**	34,450
Other income		**552**	1,184
Other gains and losses		**(190)**	(360)
Selling and distribution expenses		**(4,666)**	(4,724)
Administrative expenses		**(19,808)**	(20,856)
Other expenses	*4*	**(8,179)**	(918)
Finance costs		**(1,644)**	(2,572)
Profit before tax		**1,683**	6,204
Income tax expense	*5*	**(2,212)**	(1,178)
(Loss) profit and total comprehensive (expense) income for the year		**(529)**	5,026
(Loss) earnings per share – Basic (HK cents)	*7*	**(0.38)**	3.59

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	NOTES	2015 HK$'000	2014 HK$'000
Non-current Assets			
Property, plant and equipment		**8,349**	9,331
Current Assets			
Inventories		**25,668**	38,453
Trade and other receivables and prepayments	8	**33,314**	29,422
Amount due from a related party		**–**	2,913
Prepaid income tax		**14**	12
Pledged bank deposits		**9,089**	11,049
Bank balances and cash		**10,430**	6,652
		78,515	88,501
Current Liabilities			
Trade and other payables and accruals	9	**18,837**	28,347
Bank borrowings	10	**20,777**	21,190
Income tax payable		**345**	438
		39,959	49,975
Net Current Assets		**38,556**	38,526
Total Assets less Current Liabilities		**46,905**	47,857
Non-current liabilities			
Bank borrowings	10	**408**	831
Net Assets		**46,497**	47,026
Capital and Reserves			
Share capital		**–**	–
Reserves		**46,497**	47,026
Total Equity		**46,497**	47,026

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

1. GENERAL INFORMATION AND GROUP REORGANISATION

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law of Cayman Islands on 19 December 2014 and its shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM") with effect from 24 February 2016. The immediate holding company of the Company is Cyber Goodie Limited, a limited liability company incorporated in the British Virgin Islands and is wholly owned by Mr. Chung Chi Hang Larry. The address of the registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and principal place of business of the Company is Unit 5, 34th Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong.

The Company acts as an investment holding company.

The functional currency of the Company is United States dollars ("US$") and the presentation currency of the Group is Hong Kong dollars ("HK$") as the directors of the Company consider that it is easier to monitor the financial performance of the Group.

Pursuant to the group reorganisation ("Reorganisation") with details set out in the section headed "Reorganisation" in the Company's prospectus dated 17 February 2016 ("Prospectus"), the Company became the holding company of the companies now comprising the Group on 23 December 2014. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity.

The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year ended 31 December 2014 which include the results, changes in equity and cash flows of the companies comprising the Group have been prepared as if the current group structure had been in existence throughout the year ended 31 December 2014, or since the respective dates of incorporation/establishment of the relevant companies now comprising the Group, where this is a shorter period.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the first time in the current year:

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle

The application of the above amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 14	Regulatory Deferral Accounts[2]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[3]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[4]
Amendments to HKAS 1	Disclosure Initiative[4]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012- 2014 Cycle[4]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[4]

1 Effective for annual periods beginning on or after 1 January 2018.

2 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016.

3 Effective for annual periods beginning on or after 1 January 2019.

4 Effective for annual periods beginning on or after 1 January 2016.

5 Effective for annual periods beginning on or after a date to be determined.

HKFRS 9 "Financial Instruments"

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9:

- all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

HKFRS "15 Revenue from contracts with Customer"

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations when it becomes effective. The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for goods and services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

HKFRS 16 "Leases"

HKFRS 16, which upon the effective date will supersede HKAS 17 "Leases", introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Directors of the Company do not anticipate that the application of other new and amendments to HKFRSs will not have significant impact on the Group's consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

An analysis of the Company's revenue from its major products is as follows:

	2015	2014
	HK$'000	*HK$'000*
Sales of transformers	**82,618**	88,917
Sales of switching mode power supply	**8,402**	15,865
Sales of electronic parts and products	**84,553**	77,191
	175,573	181,973

4. OTHER EXPENSES

	2015	2014
	HK$'000	*HK$'000*
Professional fee in relation to listing	**8,179**	913
Others	**–**	5
	8,179	918

5. INCOME TAX EXPENSE

	2015	2014
	HK$'000	*HK$'000*
Current tax:		
Hong Kong Profits Tax	**1,430**	1,477
PRC Enterprise Income Tax	**782**	–
	2,212	1,477
Deferred tax	**–**	(299)
	2,212	1,178

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25%.

6. DIVIDENDS

No dividends have been paid or declared by the Company during the year ended 31 December 2015 (2014: nil).

7. (LOSS) EARNINGS PER SHARE

	2015	2014
	HK$'000	*HK$'000*
(Loss) earnings:		
(Loss) earnings for the purpose of calculating basic (loss) earnings per share for the year	**(529)**	5,026
	'000	*'000*
Numbers of shares:		
Number of ordinary shares for the purpose of calculating basic (loss) earnings per share	**140,000**	140,000

The number of ordinary shares for the purpose of calculating basic (loss) earnings per share has been determined on the assumption that the Reorganisation the capitalisation issue had been effective on 1 January 2014.

No diluted (loss) earnings per share for the current and prior year was presented as there were no potential ordinary shares in issue.

8. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2015	2014
	HK$'000	*HK$'000*
Trade receivables	**30,376**	28,818
Less: allowance for doubtful debts	**(1,563)**	(1,563)
	28,813	27,255
Deposits	**209**	138
Prepayments and deferred listing expenses	**3,628**	757
Other tax recoverable	**49**	979
Other receivables	**615**	293
	33,314	29,422

The Group allows an average credit period of 15 to 90 days to its trade customers. The following is an aged analysis of trade receivables presented based on the invoice dates at the end of the reporting period.

	2015	2014
	HK$'000	*HK$'000*
0 – 90 days	**26,512**	24,257
91 – 180 days	**2,072**	2,742
181 – 365 days	**229**	256
	28,813	27,255

9. TRADE AND OTHER PAYABLES AND ACCRUALS

	2015	2014
	HK$'000	*HK$'000*
Trade payables	**13,246**	23,476
Accrued expenses	**5,225**	4,429
Customer deposits	**309**	347
Other tax payables	**57**	95
	18,837	28,347

The following is an aged analysis of trade payables based on the invoice date at the end of the reporting period.

	2015	2014
	HK$'000	*HK$'000*
0 – 90 days	**12,634**	22,562
91 – 180 days	**208**	475
181 – 360 days	**300**	84
Over one year	**104**	355
	13,246	23,476

10. BANK BORROWINGS

	2015	2014
	HK$'000	*HK$'000*
Bank loans	**2,831**	1,231
Trust receipt loans	**6,869**	8,490
Factoring loans	**8,995**	9,620
Bank overdraft	**2,490**	2,680
	21,185	22,021
Bank borrowings which are secured by:		
Assets held by the Group	**20,354**	20,789
Unsecured bank borrowings	**831**	1,232
	21,185	22,021
The maturity of the above loans is as follows*:		
Within one year	**20,777**	21,190
More than one year but within two years	**408**	423
More than two years but within five years	**–**	408
	21,185	22,021
Less: amount due within one year shown under current liabilities	**(20,777)**	(21,190)
Amount shown under non-current liabilities	**408**	831

* The amounts due are based on scheduled repayment date set out in the loan agreements.

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings as at 31 December 2015 and 2014, respectively, are as follows:

	2015	2014
Effective interest rates (per annum):		
Variable-rate borrowings	**3.25% – 6.75%**	2.69% – 6.75%

11. PLEDGE OF ASSETS

The following assets of the Company were pledged at end of the reporting period for certain banking facilities granted to the Company:

	2015	2014
	HK$'000	*HK$'000*
Pledged bank deposits	**9,089**	11,049
Trade receivables	**17,972**	16,681
	27,061	27,730

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the year under review, the Group was principally engaged in the design, manufacturing and distribution of power supply products, in particular, transformers and switching mode power supplies, electronic parts and components.

The Group's production facilities are located at Heyuan City of the People's Republic of China (the "PRC"). All power supply products were manufactured and sold under the Group's brand name called "Keen Ocean" while all electronic parts and components were sold on an "original equipment manufacturer" basis. Among the products sold, transformers, in particular toroidal transfers, have the highest profit margin and represented approximately 47% of total sales for the year ended 31 December 2015 (2014: 49%). The percentage sales for switching mode power supplies and electronic parts and components represented approximately 5% (2014: 9%) and 48% (2014: 42%) respectively of the total sales for the year ended 31 December 2015.

Turnover of transformers, switching mode power supply and electronic parts and components for the year ended 31 December 2015 were HK$82.6 million (year ended 31 December 2014: HK$88.9 million), HK$8.4 million (year ended 31 December 2014: HK$15.9 million) and HK$84.6 million (year ended 31 December 2014: HK$77.2 million) respectively. Details of segmental information for the year ended 31 December 2015 are set out below.

REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable for goods sold by the Group to outside customers, less discount. The Group's operation is solely derived from the manufacture and sale of transformers, switching mode power supply, electronic parts and components during the year. For the purpose of resources allocation and performance assessment, the chief operating decision maker (i.e. the chief executive officer of the Company) reviews the overall results and financial position of the Group as a whole prepared based on same accounting policies set out in note 2. Accordingly, the Group has only one single operating segment and no further analysis of this single segment is presented.

An analysis of the Company's revenue from its major products is as follows:

	2015	2014
	HK$'000	*HK$'000*
Sales of transformers	**82,618**	88,917
Sales of switching mode power supply	**8,402**	15,865
Sales of electronic parts and products	**84,553**	77,191
	175,573	181,973

Geographical information

Information about the Group's revenue is presented based on the location of the customers. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers		**Non-current assets**	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**42,262**	27,370	**644**	865
PRC	**50,451**	53,038	**7,705**	8,466
Europe	**51,073**	44,320	**–**	–
United States	**21,967**	46,392	**–**	–
Others	**9,820**	10,853	**–**	–
	175,573	181,973	**8,349**	9,331

Information about major customers

Revenues from customers during the year contributing over 10% of the total revenue of the Group are as follows:

	2015	2014
	HK$'000	*HK$'000*
Customer A[1]	**20,599**	28,914
Customer B[2]	**N/A[3]**	26,465
Customer C[2]	**23,898**	21,001
Customer D[2]	**27,234**	N/A[4]

1 Revenue from sales of transformers

2 Revenue from sales of electronic parts and components

3 Customer B did not contribute over 10% of the total revenue of the Group for the year ended 31 December 2015.

4 Customer D did not contribute over 10% of the total revenue of the Group for the year ended 31 December 2014.

The Group's revenue decreased by approximately HK$6.4 million, or 3.5%, from approximately HK$182.0 million for the year ended 31 December 2014 to HK$175.6 million for the year ended 31 December 2015. Such decrease was primarily due to the Group's reluctance to reduce the selling prices of the products in order to generate more sales. Cost of sales decreased by approximately HK$7.6 million, or 5.1%, from approximately HK$147.5 million for the year ended 31 December 2014 to approximately HK$140.0 million for the year ended 31 December 2015. Such decrease was mainly due to the decrease in material prices and reduction of direct labour cost. The Group's gross profit increased by approximately HK$1.1 million, or 3.4%, from approximately HK$34.5 million for the year ended 31 December 2014 to approximately HK$35.6 million for the year ended 31 December 2015. Such increase was mainly due to the Group's strategy to increase margin by maintaining the selling price under material cost reduction. Gross profit margin increased from approximately HK$18.9% for the year ended 31 December 2014 to approximately 20.3% for the year ended 31 December 2015. Such increase was mainly due to the reduction in production cost but still maintaining the standard of product quality for the year ended 31 December 2015.

Other income decreased by approximately HK$0.6 million from approximately HK$1.2 million for the year ended 31 December 2014 to approximately HK$0.6 million for the year ended 31 December 2015. Such decrease was mainly due to the decrease in interest income from a related company and the decrease in income from sales of scrap materials.

Selling and distribution expenses maintained at approximately HK$4.7 million (Year ended 31 December 2014: approximately HK$4.7 million) regardless of the increase in transportation and packaging charges.

Administrative expenses decreased by approximately HK$1.1 million from approximately HK$20.9 million for the year ended 31 December 2014 to approximately HK$19.8 million for the year ended 31 December 2015. The decrease was mainly due to the decrease in number of administration staff.

Other expenses increased by approximately HK$7.3 million from approximately HK$0.9 million for the year ended 31 December 2014 to approximately HK$8.2 million for the year ended 31 December 2015. Such increase was mainly due to the increase in professional fee for the Group's listing.

Finance costs decreased by HK$1 million from approximately HK$2.6 million for the year ended 31 December 2014 to approximately HK$1.6 million for the year ended 31 December 2015. Such decrease was mainly due to decrease in bank borrowings.

Income tax expenses increased by HK$1 million from approximately HK$1.2 million for the year ended 31 December 2014 to approximately HK$2.2 million for the year ended 31 December 2015. Such increase was mainly due to increase in PRC Enterprise Tax as a result of increase in profit for the PRC company and decrease in finance costs.

As a result of the above, the Group recorded a loss of approximately HK$0.5 million for the year ended 31 December 2015 (year ended 31 December 2014: profit of approximately HK$5 million).

Details of the Group's bank borrowings and pledge of assets are set out in Note 10 and Note 11.

The Group believes that environmental, social and governance factors are core to its business strategy. They contribute intangible value to the success of the Group's long term business performance. During the year under review, the Group implemented a policy of energy efficiency, using less energy to provide the same service, energy conservation, avoid unnecessary wastage of energy, reuse of waste materials generated and minimize discharge of undesirable pollutants in the course of the Group's operations. The Group will continue to invest in protecting the environment in order to be a social and environmental responsible corporation. On the social aspect, the Group has provided equal employment opportunity to the local community and encouraged staff to take part in community events and activities on behalf of the Group. On the governance aspect, apart from complying with the relevant regulations and best practices, the Group has strived to improve the transparency of its business activities and financial reporting so as to enable its stakeholders to make the right investment decision making.

The Group maintains a positive relationship with its stakeholders, in particular its employees, customers and suppliers, that may have a significant impact on the Group and on which the Group's success depends. The Group has good track records of low and stable staff turnover rate, low customers' complaint records and long trading history with some of its customers and suppliers. The success in maintaining such records are due to: (1) the Group is an equal opportunity organisation without regard to employees' nationality, sex or age. Employees are fairly treated and appraised based on their performance in their positions. The Group provides a harmonious and warm working and living environment for its employees. In addition, the Group also organise various team building activities for them to build up loyalty with the Group; (2) in order to achieve customers' satisfaction, the Group has a customer complaint handling mechanism in place with well-defined procedures to settle disputes with customers; (3) as a stable supply of raw materials is critical to the Group's business and operation, the purchasing team of the Group keeps good relationship with its existing suppliers by calling them frequently to obtain latest information on raw material supplies and compare the prices of raw materials among different suppliers in order to get the best deals and timely delivery of raw materials. During the year under review, a small amount of recurring customers did not place orders from the Group due to various reasons. Such decrease in orders were not due to any disputes with these customers or their dissatisfaction with the Group's products. The Directors confirmed that such decrease in sales has no material impact on the Group and on which the Group's success depends. Remedial actions have been taken by senior management of the Group to follow up with non-recurring customers. The Group believes that stakeholders' relationship is valuable for the Group's future development and endeavors to maintain such relationship for the years to come.

A comprehensive list of the Group's risk factors relating to the Group's business and the industry in which the Group operates were set out on pages 31 to 50 of the Company's prospectus dated 17 February 2016 (the "Prospectus"). The Group is fully aware of the risk existed and will find ways to turn these risk factors into opportunities.

During the year under review, as far as the Group is aware of, there was no material breach or non-compliance with the applicable laws or regulations that has a significant impact on the business or operations of the Group.

Liquidity and Financial Resources

During the year under review, the Group's source of funds was primarily from the cash generated from operating activities. The Group also utilised bank borrowings to finance its operations. As at 31 December 2015, the Group had a healthy financial position with net assets amounted to approximately HK$46.5 million (31 December 2014: approximately HK$47.0 million). Net current assets stood at approximately HK$38.6 million as at 31 December 2015 (31 December 2014: approximately HK$38.5 million).

As at 31 December 2015, Shareholder's fund amounted to approximately HK$46.5 million (31 December 2014: approximately HK$47.0 million). Current assets amounted to approximately HK$78.5 million (31 December 2014: approximately HK$88.5 million), mainly comprising of inventories, trade and other receivables and prepayments, pledged bank deposits, bank balances and cash. Current liabilities amounted to approximately HK$40.0 million (31 December 2014: HK$50.0 million) mainly comprising of trade and other payables and accruals, bank borrowings and income tax payable.

The Group's bank balances and cash amounted to HK$10.4 million (31 December 2014: HK$6.7 million). Net asset value per share was HK$0.332 (31 December 2014: HK$0.336).

The gearing ratio of the Group, which is based on the ratio of interest bearing borrowings net of cash and cash equivalents to total equity, was approximately 0.23% as at 31 December 2015 (31 December 2014: 0.33%). Such decrease was mainly due to the repayment of bank loans.

As the Company was successfully listed on GEM on 24 February 2016 (the "Listing"), the Group's source of funds can further be satisfied by using a combination of cash generated from operating activities, bank loans and the net proceeds from the Listing and other fund raised from the capital markets from time to time.

Capital Structure

As at 31 December 2015, the share capital of the Group comprised only ordinary shares. The capital structure of the Group mainly consists of borrowings from bank and equity attributable to owners of the Group, comprising issued share capital and retained earnings respectively. Borrowings from bank were mainly denominated in Hong Kong dollars and Great British pounds which were secured by pledged bank deposits and trade receivables of the Group.

Foreign Exchange Exposure

The sales of the Group are mainly denominated in US dollars. However, the Group has certain foreign currency sales and purchases transactions denominated in Renminbi, Hong Kong dollars, Euro dollars and Great British pounds, which exposes the Group to foreign currency risk. The Group currently has no foreign currency hedging policy and the management monitors the foreign exchange exposure by closely monitoring the movement of foreign currency rates. Nevertheless, the Group will consider hedging significant foreign currency exposure should the need arise.

Significant Investment Held

As at 31 December 2015, the Group did not have any significant investment held (31 December 2014: nil).

Contingent Liabilities

As at 31 December 2015, the Group did not have any material contingent liabilities (31 December 2014: nil).

Capital Commitment

As at 31 December 2015, the Group did not have any significant capital commitment (31 December 2014: nil).

Employee and Remuneration Policies

As at 31 December 2015, the Group had a total staff of approximately 501 employees (31 December 2014: 687), including the Directors. Total staff costs excluding Directors' remuneration for the year under review amounted to approximately HK$36.5 million (2014: HK$44.9 million). Remuneration packages including staff benefits are maintained at a competitive level and reviewed on a periodical basis. Employees' remunerations and related benefits are determined with reference to their performance, qualifications, experience, positions and the performance of the Group.

Charges on the Group's Assets

The following assets of the Company were pledged at end of the reporting period for certain banking facilities granted to the Company:

	2015	2014
	HK$'000	*HK$'000*
Pledged bank deposits	**9,089**	11,049
Trade receivables	**17,972**	16,681
	27,061	27,730

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

During the year ended 31 December 2015, the Group did not have any material acquisitions nor disposals of subsidiaries and affiliated companies save for those reorganisation activities done for the purpose of listing of the Company as set out in the section headed "Reorganisation" of the Prospectus.

Future Plans for Material Investments and Capital Assets

Save as disclosed in the Prospectus, the Group did not have other plans for material investments and capital assets.

Prospect

The Group believes the net proceeds from the Listing provides a timely source of fund for the future development of the Group's business. Looking forward to 2016 and beyond, the Group expects the power supply products market to remain challenging. Apart from promoting existing products, the Group will continue to develop new products with higher profit margin, upgrade its production capability, solidify relationship with existing customers, widen customer base and broaden existing product portfolio. The Group will also continue to enhance its efficiency and effectiveness in production processes and improve product quality in order to keep up with customer demands and achieve consistent customer satisfaction. The Group believes the Listing on GEM would increase the status of the Group in the power supply products market. This would help the Group to strengthen its relationship with existing customers so as to maintain a consistent growth of a sizable and loyal customer base. The Group also believe that environmental, social and governance ("ESG") factors will add value to its business strategy. The Group will place great importance on these values and manage its corporate ESG responsibilities as part of its daily business operations. The Group will establish key performance indicators to track its performance in relation to ESG matters. By doing so, the Group aims to strengthen its competitiveness in the market, generate sustainable returns and maximize shareholders' wealth.

Events After the End of the Reporting Period

On 24 February 2016, the shares of the Company were successfully listed on the GEM by issuing 60,000,000 ordinary shares of HK$0.01 each of the Company at placing price of HK$0.55 each and 139,990,000 ordinary shares of HK$0.01 each of the Company credited as fully paid by way of capitalization of the amount of HK$1,399,900 standing to the credit of the share premium account of the Company. The net proceeds from the placing, after deduction of underwriting fees and related expenses payable by the Group in connection therewith, were approximately HK$16 million.

Comparison Between Business Objectives with actual business Progress and Use of Proceeds

The net proceeds from the Listing were approximately HK$16 million. No comparison between business objectives with actual progress and use of proceeds are presented as this announcement covers activities up to 31 December 2015 only. None of the net proceeds raised from the Listing were applied before the date of this announcement. As at the date of this announcement, the Directors are not aware of any material change to the planned use of the proceeds as stated in the Prospectus.

OTHER INFORMATION

FINAL DIVIDED

The Board does not recommend the payment of final dividend for the year ended 31 December 2015 (year ended 31 December 2014: nil).

CORPORATE GOVERNANCE PRACTICES

The Directors consider that incorporating the core elements of good corporate governance in the management structure and internal control procedures of the Group would help to balance the interest of the shareholders, customers and employees of the Company. The Board has adopted the principles and the code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 15 of the GEM Listing Rules to ensure that the Group's business activities and decision making processes are regulated in a proper and prudent manner.

During the period from the date of Listing, i.e. Wednesday, 24 February 2016 (the "Listing Date") and up to the date of this announcement (the "Period"), the Company has complied with the CG Code as set out in Appendix 15 of the GEM Listing Rules.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company, having made specific enquiry of all Directors, is not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors during the Period.

PURCHASE, SALE OR REDEMPTION

As the shares of the Company were not yet listed on the GEM as at 31 December 2015, the Company is not required to disclose the details of purchase, sale or redemption of the shares of the Company in accordance with Rule 18.50(4) of the GEM Listing Rules.

AUDIT COMMITTEE

The Board has established an audit committee (the "Audit Committee") on 2 February 2016, which operates under terms of reference approved by the Board. The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management system of the Group, to oversee the audit process, to develop and review the policies of the Group and to perform other duties and responsibilities as assigned by the Board.

The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Wong Choi Chak, Mr. Li Chung Pong, Stephen and Mr. Tang Sze Wo. Mr. Wong Choi Chak is the chairman of the Audit Committee. The Audit Committee has reviewed the audited consolidated annual results of the Group for the year ended 31 December 2015.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement is published on the websites of the Stock Exchange (www.hkgem.com) and the Company (www.keenocean.com.hk). The annual report of the Company for the year ended 31 December 2015 containing all the information required by the GEM Listing Rules will be dispatched to the Company's shareholders and posted on the above websites in due course.

By order of the Board
Keen Ocean International Holding Limited
Chung Chi Hang, Larry
Chairman

Hong Kong, 17 March 2016

As at the date of this announcement, the executive Directors are Mr. Chung Chi Hang, Larry, Mr. Chung Tin Shing and Mr. Wong Shek Fai, Johnson; and the independent non-executive Directors are Mr. Wong Choi Chak, Mr. Li Chung Pong, Stephen and Mr. Tang Sze Wo.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the "Latest Company Announcements" page on the GEM website at www.hkgem.com for at least 7 days from the day of its posting. This announcement will also be published on the Company's website at www.keenocean.com.hk.